actual cost of the war has been for us during the past year. We have made, for instance, very large advances to our Allies and Dominions, and it need not be said that our advances to our own Dominions may be regarded as quite as good as if they were still in our own pockets; but in the case of our Allies, our loans to Russia are a somewhat question-able asset, and our loans to our other brothers-in-arms cannot be regarded as likely to be recoverable for some time to come, owing to the severity with which the war's pressure has been laid upon them. With regard to the other assets in which the Govern-ment has invested our money, such as factories, machinery, ships, supplies and food, etc., it is at least possible that considerable loss may be involved in the realisation of some of them. It is, however, possible tnat the actual cost of the war to us during the year that is past may turn out some day to have been in the neighbourhood of £2000 millions.

If, on the other hand, we deduct from the £700 millions raised by revenue the £200 millions which represent the normal pre-war cost of Government to this country we find that the proportion of war's cost raised out of revenue is slightly over 25 per cent. This proportion must be taken with all reserve for the reasons given above, but in any case it is very far below the 47 per cent, of the war's

cost raised out of revenue by our ancestors in the course of the" Napoleonic wars.

It seems to me that this policy of raising so large a proportion of the war's cost by borrowing is one that commends itself to short-sighted politicians,